



ASX Release

360 Capital Group (ASX: TGP)

23 February 2023

Appendix 4D

For the half year ended 31 December 2022

Page 1 of 3

360 Capital Group (Group) comprises the stapling of ordinary shares in 360 Capital Group Limited (ACN 113 569 136) and units in 360 Capital Investment Trust (ARSN 104 552 598).

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2022. It is also recommended that the Annual Report be considered together with any public announcements made by the Group. Reference should also be made to the statement of significant accounting policies as outlined in the Financial Report. The Interim Financial Report for the half year ended 31 December 2022 is attached and forms part of this Appendix 4D.

Details of reporting period

Current reporting period: 1 July 2022 – 31 December 2022

Prior corresponding period: 1 July 2021 – 31 December 2021

Results announcement to the market

	31 Dec 2022 \$'000	31 Dec 2021 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	8,653	45,300	(36,647)	(80.9%)
Profit/(loss) attributable to stapled securityholders for the year	(578)	25,657	(26,235)	(102.3%)
Operating profit ¹	5,866	15,600	(9,734)	(62.4%)

¹ Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors consider operating profit to reflect the core earnings of the Group. Operating earnings is used by the Board to make strategic decisions and as a guide to assess the Group's ability to pay distributions to securityholders. A reconciliation of the Group's statutory profit to operating earnings is provided in Note 1 of the Interim Financial Report.

	31 Dec 2022 Cents per security	31 Dec 2021 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic	(0.3)	11.7	(12.0)	(102.6%)
Earnings per security – Diluted	(0.2)	11.4	(11.6)	(101.8%)
Operating profit per security	2.7	7.1	(4.4)	(62.0%)



ASX Release

Page 2 of 3

Distributions / Dividends

The Group declared a fully franked special dividend of 8.0 cps together with an ordinary distribution of 2.25 cps for the six months ended 31 December 2022. Dividends and distribution declared and paid during the half year comprised the following:

The Company declared fully franked dividends during the half year as detailed below;

	Amount per Security (cents)	Franked amount per security (cents)	Total paid \$'000	Record date	Date of payment
Special dividend - fully franked	8.0	8.0	17,520	31 August 2022	7 October 2022
Total dividend for the period ended 31 December 2022	8.0	8.0	17,520		
September 2021 quarter dividend - fully franked	1.5	1.5	3,285	30 September 2021	27 October 2021
December 2021 quarter dividend – fully franked	1.5	1.5	3,285	31 December 2021	27 January 2022
Total dividend for the period ended 31 December 2021	3.0	3.0	6,570		

360 Capital Investment Trust declared and paid distributions during the half year as detailed below;

	Amount per Security (cents)	Franked amount per security (cents)	Total paid \$'000	Record date	Date of payment
December 2022 half year distribution	2.25	-	5,461	30 December 2022	25 January 2023
Total distribution for the period ended 31 December 2022	2.25	-	5,461		



ASX Release

Page 3 of 3

Net tangible asset per security

	31 Dec 2022	31 Dec 2021
	\$	\$
NTA per security	0.86	0.98

Control Gained and Lost over Entities during the half year

Refer to Note 12 *Business combinations and acquisitions of non-controlling interests* of the Interim Financial Report.

Details of Associates and Joint Venture Entities

Refer to Note 5 *Investments accounted for using the equity method* of the Interim Financial Report.

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360 Capital



360 CAPITAL GROUP

(ASX:TGP)

INTERIM FINANCIAL REPORT
For the half year ended 31 December 2022

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General information

The interim financial report is a general- purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. The interim financial report of 360 Capital Group comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the Australian Securities Exchange (ASX). The stapled security cannot be traded or dealt with separately.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The annual financial report of the 360 Capital Group for the year ended 30 June 2022 is available upon request from the registered office at Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia or at www.360capital.com.au.

The interim financial report is presented in Australian dollars.

360 Capital Group is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2023.

Contents

Directors' report	4
Auditor's independence declaration	11
Consolidated interim statement of profit or loss and other comprehensive income	12
Consolidated interim statement of financial position	14
Consolidated interim statement of changes in equity	16
Consolidated interim statement of cash flows	17
Notes to the consolidated interim financial statements	18
Directors' declaration	41
Independent auditor's review report	42
Corporate directory	44

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For persons



**360 Capital Group
Directors' report
For the half year ended 31 December 2022**

The Directors of 360 Capital Group Limited (Company) (ABN 18 113 569 136) along with the Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity present their report, together with the interim financial report of 360 Capital Group (Group) (ASX: TGP) for the half year ended 31 December 2022. 360 Capital Group comprises 360 Capital Group Limited (Parent Entity) and its controlled entities and 360 Capital Investment Trust (Trust) and its controlled entities.

Directors

The following persons were Directors of 360 Capital Group Limited during the half year and up to the date of this report, unless otherwise stated:

Tony Robert Pitt (Executive Chairman)
David van Aanholt (Deputy Chairman)
William John Ballhausen
Andrew Graeme Moffat
Anthony Gregory McGrath

Principal activities

The Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of real estate assets. Led by a highly experienced team, the Group operates in Australia and New Zealand investing across real estate equity and credit opportunities.

Operating and financial review

Key financial highlights for the half year ended 31 December 2022

Statutory net loss

\$0.6m

(December 2021: profit \$25.7 million)

Statutory net loss of \$0.6 million a decrease from the prior period profit due to the prior period fair value gain on the Irongate Group investment together with realised gains from disposal of investments.

Operating profit

\$5.9m

(December 2021: \$15.6 million)

Operating profit¹ of \$5.9 million (equating to 2.7cps) a decrease from the prior period primarily due realised gains from the disposal of investments in the prior period.

Special Dividend

8.0cps

Special fully franked dividend of 8.0cps paid during the period from profits from the Irongate Group investment recognised in the prior year.

Distribution

2.25cps

(December 2021: 3.0cps)

Distribution of 2.25cps paid for the six months ended 31 December 2022, representing 83% of Operating EPS for the period.

Net asset value

\$0.88

per security
(June 2022: \$0.99)

Net Asset Value (NAV) is \$0.88 per security a decrease of \$0.11 per security from 30 June 2022 primarily due to the 8.0 cps special dividend paid during the period funded from profits from Irongate Group investment recognised in prior year.

ASX closing price

\$0.81

per security
(June 2022: \$0.865)

The Group's ASX closing price of \$0.81 per security is down from \$0.865 per security as at 30 June 2022.

¹ Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors consider operating profit to reflect the core earnings of the Group. Operating earnings is used by the Board to make strategic decisions and as a guide to assess the Group's ability to pay distributions to securityholders. The operating profit has not been subject to any specific audit procedures by the Group's auditor but has been extracted from Note 1: Segment reporting.

Operating and financial review (continued)

Key operational achievements for the half year ended 31 December 2022

Funds redeployed

\$111.1m

Invested during the period

The Group realised proceeds on the Irongate Group investment of \$92.0 million during the period and invested \$100.5 million into Hotel Property Investments (ASX:HPI) and \$10.6 million into a new loan receivable.

Hotel Property Investments

\$100.5m

(ASX: HPI)

The Group's strategic 14.5% holding in Hotel Property Investments as at 31 December 2022 was \$100.5 million, with the investment contributing \$2.6 million in income during the period.

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Operating and financial review (continued)

The Groups' investment strategy is focused on its core strengths of real estate investing and funds management. The Group's real estate investing and funds management activities comprise:

- 360 Capital REIT (ASX:TOT) – core income producing REIT
- 360 Capital Enhanced Income Fund (ASX:TCF) – currently focused on investing in real estate credit
- Hotel Capital Partners – Joint venture managing hotel accommodation assets
- 360 Capital Strategic Real Estate Partners – real estate private equity partnership initially strategically and opportunistically investing in real estate REITs.

360 Capital REIT

360 Capital REIT sold its 50% equity interest in New Zealand fund manager PMG in July 2022 for \$21.6 million. 360 Capital REIT settled the Irongate Group (ASX:IAP) transaction in September 2022, completing the implementation of its strategy of becoming a pure REIT, purchasing 3 modern commercial properties from IAP for \$257.2 million.

Credit

360 Capital Enhanced Income Fund (ASX:TCF) was repaid the majority of its corporate debt investments allowing TCF to focus on real estate credit investing. TCF made a new \$24.4 million real estate credit investment comprising a senior debt facility in Sydney's northern suburbs, allowing TCF to increase its distributions by 17% p.a. and scope to commence scaling TCF's asset base.

Complementing TCF new loan investment, the Group made a new junior loan investment of \$10.6 million, subordinated to TCF's facility.

The Group also expanded its real estate credit investing with the full acquisition of the Dealt real estate debt platform.

Hotel Capital Partners

Hotel Capital Partners (HCP) increased its hotels under management to four with the appointment as asset manager of 2 further hotels during the period. The team expanded with Lucia Grambalova becoming shareholder and Chief Investment Officer of HCP. HCP continues to advise and work with private capital investors on hotel and co-living opportunities.

Funds management

The Group's simplification strategy has also reduced the number of funds it manages with 3 ASX listed entities, 2 unlisted funds and individual mandates within Hotel Capital Partners. All the Funds have a real estate focus with the Group's only non-real estate managed fund now is 360 Capital Cardioscan Trust, a \$10.2 million unlisted private equity fund, which post period the Group commenced a sales process of the fund or its shares in CardioScan.

Operating revenue from funds management activities was \$4.1 million for the 6 months to 31 December 2022, down 28% on \$5.7m in the prior period reflecting the significant business simplification which also allowed operating costs to also be significantly reduced.

Principal investments

Over the past six months to 31 December 2022, the Group disposed of its stake in the Irongate Group with a significant profit recognised in the prior financial year. Proceeds from the settlement of the transaction were \$92.0 million leaving the Group well capitalised to take advantage of opportunities.

In December 2022, via 360 Capital Strategic Real Estate Partners, the Group invested a total of \$100.5 million in Hotel Property Investments (ASX:HPI) becoming the largest investor in HPI with a 14.5% holding.

360 Capital Group
Directors' report
For the half year ended 31 December 2022

Operating and financial review (continued)

In December 2022, the Group also re-entered real estate credit investing, deploying \$10.6 million into a junior loan which attracted an interest rate of 15% per annum, paid monthly.

As the Group's balance sheet comprised a majority of cash during the period and only investing a significant portion late in the period, income from principal investing was only \$5.2 million, comprising investment and finance revenue.

Summary and Outlook

360 Capital Group is an investment and funds management group, focused on strategic and active investment management of real estate assets. The Group intends to continue to execute on its simplified strategy of real estate equity and credit investment and funds management.

Dividends and distributions

The Group declared a fully franked special dividend of 8.0 cps together with an ordinary distribution of 2.25 cps for the six months ended 31 December 2022. Dividends and distribution declared and paid during the half year comprised the following:

The Company declared fully franked dividends during the half year as detailed below;

	Date of payment	Cents per unit	31 December 2022 \$'000	31 December 2021 \$'000
Special fully franked dividend	7 October 2022	8.0	17,520	-
Total dividends for the half year ended 31 December 2022		8.0	17,520	-
September 2021 quarter fully franked dividend	27 October 2021	1.5	-	3,285
December 2021 quarter fully franked dividend	27 January 2022	1.5	-	3,285
Total dividends for the half year ended 31 December 2021		3.0	-	6,570

360 Capital Investment Trust declared and paid distributions during the half year as detailed below:

	Date of payment	Cents per unit	31 December 2022 \$'000	31 December 2021 \$'000
December 2022 half year distribution	25 January 2023	2.25	5,461	-
Total distributions for the half year ended 31 December 2022		2.25	5,461	-

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of 360 Capital Group that occurred during the half year under review other than those listed above or elsewhere in the Directors' report.

Likely developments and expected results of operations

The Group will continue to focus on its simplified strategy focused on managing and investing in real estate assets. The Group will look for opportunities to capitalise on market volatility and dislocation using the Group's track record across real estate investing.

Events subsequent to balance date

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Buy back arrangement

The Group is not under any obligation to buy back, purchase or redeem securities from securityholders. During the half year, the Group bought on market 6,000,000 securities related to the Group's 2022 Executive Incentive Plan (EIP) offer at an average price of \$0.82 (December 2021: nil).

Distribution Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was active for the special dividend paid on 7 October 2022.

The Group issued 11,721,500 stapled securities at a price of \$0.78 per security in October 2022 and raised \$9.2 million relating to this special dividend. Securities were issued at a 1.5% discount to the Group's 10 day weighted average daily trading price as per the Group's DRP policy. Post the special dividend paid in October 2022, the DRP has been suspended until further notice.

Options

During the half year, 18,000,000 options were issued related to the Group's 2022 EIP, and 1,672,600 performance rights were cancelled relating to employees who had ceased employment with the Group (December 2021: 11,050,000 options were cancelled, and 1,243,600 performance rights were cancelled).

As at 31 December 2022, there were 18,000,000 options and 3,638,568 performance rights outstanding (June 2022: nil options and 5,311,168 performance rights).

Securities on issue

During the half year, there were 11,721,500 securities issued under the DRP, 12,000,000 securities issued under the EIP and an additional 6,000,000 securities bought on market for the purpose of issuing under the Group's EIP.

As at 31 December 2022, the number of stapled securities on issue was 242,719,051 (June 2022: 218,997,551).

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 11 and forms part of the Directors' report for the half year ended 31 December 2022.

Rounding of amounts

360 Capital Group is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Tony Robert Pitt
Executive Chairman

Sydney
23 February 2023



David van Aanholt
Deputy Chairman

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**Building a better
working world**

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Auditor's Independence Declaration to the Directors of 360 Capital Group Limited

As lead auditor for the review of the half-year financial report of 360 Capital Group Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of 360 Capital Group Limited and the entities it controlled during the financial period.

Ernst & Young

Douglas Bain
Partner
23 February 2023

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360 Capital Group
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2022

	31 December 2022	31 December 2021
Note	\$'000	\$'000
Revenue from continuing operations		
Rental from investment properties	-	433
Management fees	4,099	990
Data centre services revenue	-	1,560
Distributions	2,765	2,210
Finance revenue	1,664	124
Total revenue from continuing operations	8,528	5,317
Other income		
Net gain on disposal of subsidiary	-	14,984
Net gain on fair value of financial assets	4	12,911
Net gain on disposal of equity accounted investments	-	5,147
Share of equity accounted profits	-	6,516
Foreign exchange gains	-	299
Other income	83	126
Total other income	125	39,983
Total revenue from continuing operations and other income	8,653	45,300
Employee benefit expenses	2,089	4,374
Administration expenses	1,043	1,886
Management fees	-	586
Investment property expenses	-	64
Data centre facility costs	-	599
Depreciation expenses	523	631
Finance expenses	8	181
Transaction costs	2,235	60
Net loss on disposal of financial assets	4	-
Share of equity accounted losses	5	-
Loss allowance	-	5
Profit/(loss) from continuing operations before income tax	(1,174)	36,914
Income tax benefit/(expense)	3	(9,245)
Profit/(loss) for the half year	(981)	27,669
Profit/(loss) for the year attributable to:		
Shareholders of 360 Capital Group Limited	(150)	25,970
Unitholders of 360 Capital Investment Trust	(428)	(313)
Profit/(loss) after tax attributable to the stapled securityholders	(578)	25,657
External non-controlling interests	(403)	2,012
Profit/(loss) for the half year	(981)	27,669

360 Capital Group
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	\$'000	\$'000
Profit/(loss) for the half year		(981)	27,669
Other comprehensive income that may be reclassified to profit or loss			
Other comprehensive income for the half year		-	1,683
Net foreign currency gain transferred to the income statement on business divestment, net of tax		-	240
Total other comprehensive income for the half year		-	1,923
Total comprehensive income for the half year		(981)	29,592
Total comprehensive income attributable to:			
Shareholders of 360 Capital Group Limited		(150)	25,970
Unitholders of 360 Capital Investment Trust		(428)	485
Total comprehensive income attributable to the stapled securityholders		(578)	26,455
External non-controlling interests		(403)	3,137
Total comprehensive income for the half year		(981)	29,592
Earnings per stapled security for profit after tax			
attributable to the stapled securityholders of 360 Capital Group		Cents	Cents
Basic earnings per security	15	(0.3)	11.7
Diluted earnings per security	15	(0.2)	11.4

The above consolidated interim statement of profit or loss and other comprehensive income should be read with the accompanying notes.

360 Capital Group
Consolidated interim statement of financial position
As at 31 December 2022

		31 December 2022 \$'000	30 June 2022 \$'000
	Note		
Current assets			
Cash and cash equivalents		38,020	80,329
Receivables		3,462	1,131
Financial assets at fair value through profit or loss	4	100,489	92,570
Investment property held for sale		-	510
Income tax refundable		-	1,297
Lease receivable	8	383	-
Other current assets		545	636
Total current assets		142,899	176,473
Non-current assets			
Financial assets at fair value through profit or loss	4	13,994	13,831
Investments equity accounted	5	43,506	45,689
Intangible assets	6	5,225	5,399
Loan receivable	9	10,600	-
Property, plant and equipment	7	255	274
Right-of-use assets	8	721	2,233
Lease receivable	8	804	-
Total non-current assets		75,105	67,426
Total assets		218,004	243,899
Current liabilities			
Trade and other payables		870	2,175
Lease liabilities	8	827	827
Distribution payable	2	5,461	3,285
Income tax payable		5,383	-
Provisions		215	241
Total current liabilities		12,756	6,528
Non-current liabilities			
Lease liabilities	8	1,621	1,873
Deferred tax liabilities		637	7,511
Provisions		248	235
Total non-current liabilities		2,506	9,619
Total liabilities		15,262	16,147
Net assets		202,742	227,752

360 Capital Group
Consolidated interim statement of financial position
As at 31 December 2022

		31 December	30 June
		2022	2022
	Note	\$'000	\$'000
Equity			
Issued capital - ordinary shares	10	1,871	1,241
Issued capital - trust units	10	198,949	195,395
Security based payments reserve		11,697	11,272
Other capital reserve		(110)	(110)
Retained earnings/(Accumulated losses)		(14,385)	9,904
Total equity attributable to stapled Securityholders		198,022	217,702
External non-controlling interest		4,720	10,050
Total equity		202,742	227,752

The above consolidated interim statement of financial position should be read with the accompanying notes.

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360 Capital Group
Consolidated interim statement of changes in equity
For the half year ended 31 December 2022

	Note	Issued capital - ordinary shares \$'000	Issued capital - trust units \$'000	Security based payments reserve \$'000	Other capital reserve - Corporate \$'000	Other capital reserve - Trust \$'000	Retained earnings - Corporate \$'000	Accumulated losses - Trust \$'000	Total equity attributable to stapled Securityholders \$'000	External non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022		1,241	195,395	11,272	(110)	-	38,264	(28,360)	217,702	10,050	227,752
Profit for the year		-	-	-	-	-	(150)	(428)	(578)	(403)	(981)
Comprehensive income for the year		-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	(150)	(428)	(578)	(403)	(981)
Non-controlling interest disposed	12	-	-	-	-	-	(730)	-	(730)	(4,927)	(5,657)
Transactions with Securityholders in their capacity as Securityholders											
Issued shares/units - DRP		1,419	7,737	-	-	-	-	-	9,156	-	9,156
Securities bought on market to issue under EIP		(763)	(4,157)	-	-	-	-	-	(4,920)	-	(4,920)
Security based payment transactions		-	-	425	-	-	-	-	425	-	425
Equity raising transaction costs		(26)	(26)	-	-	-	-	-	(52)	-	(52)
Dividends/distributions	2	-	-	-	-	-	(17,520)	(5,461)	(22,981)	-	(22,981)
		630	3,554	425	-	-	(17,520)	(5,461)	(18,372)	-	(18,372)
Balance at 31 December 2022		1,871	198,949	11,697	(110)	-	19,864	(34,249)	198,022	4,720	202,742

	Note	Issued capital - ordinary shares \$'000	Issued capital - trust units \$'000	Security based payments reserve \$'000	Other capital reserve - Corporate \$'000	Other capital reserve - Trust \$'000	Retained earnings - Corporate \$'000	Accumulated losses - Trust \$'000	Total equity attributable to stapled Securityholders \$'000	External non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2021		1,241	195,395	10,539	4,898	(1,937)	14,092	(25,846)	198,382	120,048	318,430
Profit for the year		-	-	-	-	-	25,970	(313)	25,657	2,012	27,669
Comprehensive income for the year		-	-	-	-	798	-	-	798	1,125	1,923
Total comprehensive income for the half year		-	-	-	-	798	25,970	(313)	26,455	3,137	29,592
Reclassification between reserves on disposal of investments		-	-	-	(5,008)	1,139	5,008	(1,139)	-	-	-
Transactions with non-controlling interests		-	-	-	-	-	-	(702)	(702)	(117,922)	(118,624)
Transactions with Securityholders in their capacity as Securityholders											
Issued shares/units - ESP cancellation		-	-	-	-	-	-	(31)	(31)	-	(31)
Security based payment transactions		-	-	382	-	-	-	-	382	-	382
Dividends/distributions	2	-	-	-	-	-	(6,570)	-	(6,570)	-	(6,570)
		-	-	382	-	-	(6,570)	(31)	(6,219)	-	(6,219)
Balance at 31 December 2021		1,241	195,395	10,921	(110)	-	38,500	(28,031)	217,916	5,263	223,179

The above consolidated interim statement of changes in equity should be read with the accompanying notes.

360 Capital Group
Consolidated interim statement of cash flows
For the half year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
Cash receipts from customers (inclusive of GST)	4,888	10,935
Cash payments to suppliers and employees (inclusive of GST)	(4,951)	(12,048)
Distributions received	1,220	3,456
Finance revenue	2,014	130
Finance expenses	(12)	(117)
Income tax paid	-	(812)
Net cash inflows from operating activities	3,159	1,544
Cash flows from investing activities		
Proceeds from disposal of investment properties	510	5,456
Payments for property, plant and equipment	-	(6,212)
Payments for equity accounted investments	(2,438)	(5,636)
Payments for financial assets	(104,086)	(20,807)
Proceeds from disposal of financial assets	95,557	28,933
Payment for intangible assets	(67)	(538)
Proceeds from disposal of subsidiaries	-	68,165
Payment of transaction costs	(2,066)	-
Payments for subsidiaries	(5,657)	-
Payment for loan receivable	(10,600)	-
Net cash (outflows)/inflows from investing activities	(28,847)	69,361
Cash flows from financing activities		
Proceeds from borrowings	-	1,008
Payments for borrowing costs	-	(7)
Payment of transaction costs to issue capital	(52)	(48)
Distributions paid to stapled securityholders	(11,649)	(5,585)
Distributions paid to external non-controlling interests	-	(526)
Payment for securities bought on market for EIP	(4,920)	-
Net cash (outflows)/inflows from financing activities	(16,621)	(5,158)
Net (decrease)/increase in cash and cash equivalents	(42,309)	65,747
Cash and cash equivalents at the beginning of the half year	80,329	54,263
Cash balance on consolidation of controlled entities	-	50
Cash balance on deconsolidation of controlled entities	-	(29,091)
Cash and cash equivalents at the end of the half year	38,020	90,969

The above consolidated interim statement of cash flows should be read with the accompanying notes.

	Page
Financial Information	
1. Segment reporting	19
2. Distributions and dividends	24
3. Income tax expense	25
4. Financial assets at fair value through profit or loss	26
5. Investments accounted for using the equity method	27
6. Intangible assets	28
7. Property, plant and equipment	29
8. Leases	30
9. Loan receivable	31
10. Equity	32
Risk	
11. Other financial assets and liabilities	35
Fund Structure	
12. Business combinations and acquisitions of non-controlling interests	37
13. Business divestment	37
Unrecognised Items	
14. Events subsequent to balance date	37
Other Information	
15. Earnings per stapled security	38
16. Related party transactions	38
17. Basis of preparation	39
18. Significant accounting policies	40

Financial Information

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the Group.

Note 1: Segment reporting

Segment information is presented in respect of the Group's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the Group's management and internal reporting structure. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Core operations

The Group reports on the following core business segments comprising the three investment strategies which make up its alternative asset management and investment strategy:

- Real Assets
- Private Equity
- Credit

Following a simplification of the Group's investment strategy to primarily focus on real estate, the Group exited its public equity strategy and is looking to exit its last non-real estate private equity investment.

The Group's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors. Operating segments are determined based on the information which is regularly reviewed by the Executive Chairman, who is the Chief Operating Decision Maker within the Group. The information provided is net of non-operating items comprising transaction costs, unrealised fair value adjustments of financial assets and other assets, unrealised foreign exchange gains and losses, impairment adjustments, share of equity accounted non-operating items, security based payments expense and all other non-operating items. Funds management revenue and Investment revenue may include realised and distributable gains made on disposal of investments and other interests. Distributable gain or loss represents the cash surplus or deficit between acquisition cost and proceeds on disposal and may differ to the realised accounting gain or loss.

Corporate

Income and expenses for management of the Group on an overall basis and unallocated overheads are not allocated to the three core operating segments. Cash and borrowings are not directly allocated to an operating segment. Also tax assets and liabilities and other incidental assets and liabilities are not allocated to core operating segments as they are either non-core or for management of the Group on an overall basis. All these items are included under corporate in the segment disclosures.

Consolidation and eliminations

Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from certain entities deemed to be controlled under AASB 10, these entities have material non-controlling interests. The performance of these controlled entities is considered to be non-core segments and are reviewed separately to that of the performance of the Group's business segments.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2022 are as follows:

Half-year ended 31 December 2022	Real Assets \$'000	Private Equity \$'000	Credit \$'000	Corporate \$'000	Operating profit \$'000	Consolidation & eliminations \$'000	Total \$'000
Funds management revenue	3,614	13	456	-	4,083	(15)	4,068
Investment revenue	3,407	-	122	-	3,529	37	3,566
Finance revenue	-	-	48	1,612	1,660	4	1,664
Total revenue and other income	7,021	13	626	1,612	9,272	26	9,298
Operating expenses	218	2	9	2,593	2,822	285	3,107
Earnings before interest and tax (EBIT)	6,803	11	617	(981)	6,450	(259)	6,191
Interest expense	-	-	-	-	-	80	80
Operating profit/(loss) before tax	6,803	11	617	(981)	6,450	(339)	6,111
Income tax benefit/(expense)	-	-	-	(584)	(584)	-	(584)
Operating profit/(loss) (before non-operating items)	6,803	11	617	(1,565)	5,866	(339)	5,527
Non-operating items	(6,874)	(7)	166	271	(6,444)	(64)	(6,508)
Statutory net profit/(loss) attributable to securityholders	(71)	4	783	(1,294)	(578)	(403)	(981)
Operating earnings used in calculating - operating EPS					5,866		
Weighted average number of securities - basic ('000)					220,889		
Operating profit per security (EPS) - cents					2.7		

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2021 are as follows:

Half-year ended 31 December 2021	Real Assets \$'000	Private Equity \$'000	Credit \$'000	Corporate \$'000	Operating profit \$'000	Consolidation & eliminations \$'000	Total \$'000
Funds management revenue	5,546	9	143	1	5,699	(2,913)	2,786
Investment revenue	3,406	17,103	121	-	20,630	1,547	22,177
Rental revenue	-	-	-	-	-	369	369
Finance revenue	1	-	-	109	110	14	124
Total revenue and other income	8,953	17,112	264	110	26,439	(983)	25,456
Operating expenses	1,621	22	955	2,089	4,687	2,189	6,876
Earnings before interest and tax (EBIT)	7,332	17,090	(691)	(1,979)	21,752	(3,172)	18,580
Interest expense	-	-	-	-	-	181	181
Operating profit / (loss) before tax	7,332	17,090	(691)	(1,979)	21,752	(3,353)	18,399
Income tax benefit/(expense)	-	-	-	(6,152)	(6,152)	100	(6,052)
Operating profit/ (loss) (before non-operating items)	7,332	17,090	(691)	(8,131)	15,600	(3,253)	12,347
Non-operating items	17,116	(3,254)	(73)	(3,732)	10,057	5,265	15,322
Statutory net profit/(loss) attributable to securityholders	24,448	13,836	(764)	(11,863)	25,657	2,012	27,669
Operating earnings used in calculating - operating EPS					15,600		
Weighted average number of securities - basic ('000)					218,998		
Operating profit per security (EPS) - cents					7.1		

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 1: Segment reporting (continued)

Reconciliation of profit/(loss) to operating profit for the half year is as follows:

	Operating profit 31 December 2022 \$'000	Operating profit 31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Profit/(loss) after tax attributable to stapled securityholders	(578)	25,657		
Profit/(loss) for the half year			(981)	27,669
Non-operating items				
Net gain on fair value of financial assets	(42)	(12,911)	(42)	(12,911)
Distributable gain on disposal	-	3,474	-	-
Security based payments expense	425	271	425	415
Share of equity accounted profits, non-operating items	4,658	(4,591)	4,658	(4,847)
Foreign exchange loss/(gain)	-	66	-	(1,424)
Transaction costs	2,057	187	2,236	60
Other items	123	254	123	192
Tax effect of non-operating items	(777)	3,193	(777)	3,193
Operating profit (before non-operating items)	5,866	15,600	5,642	12,347

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 1: Segment reporting (continued)

	Real Assets \$'000	Private Equity \$'000	Credit \$'000	Corporate \$'000	Segment total \$'000	Consolidation & eliminations \$'000	Total \$'000
As at 31 December 2022							
Assets							
Cash and cash equivalents	-	-	-	38,011	38,011	9	38,020
Financial assets and equity accounted assets	143,995	5,462	14,350	-	163,807	4,782	168,589
Investment properties & property plant and equipment	-	-	-	976	976	-	976
Other assets	-	-	-	5,263	5,263	(69)	5,194
Intangible assets	5,111	-	114	-	5,225	-	5,225
Total assets	149,106	5,462	14,464	44,250	213,282	4,722	218,004
Liabilities							
Other liabilities	57	-	-	15,203	15,260	2	15,262
Total liabilities	57	-	-	15,203	15,260	2	15,262
Net assets	149,049	5,462	14,464	29,047	198,022	4,720	202,742
Net assets used to calculate NAV per security					198,022		
Total issued securities - basic ('000)					224,719		
NAV per security basic - \$					0.88		

	Real Assets \$'000	Private Equity \$'000	Credit \$'000	Corporate \$'000	Segment total \$'000	Consolidation & eliminations \$'000	Total \$'000
As at 30 June 2022							
Assets							
Cash and cash equivalents	-	-	-	76,466	76,466	3,863	80,329
Financial assets and equity accounted assets	139,646	5,470	3,588	-	148,704	3,386	152,090
Investment properties & property plant and equipment	-	-	-	3,038	3,038	(531)	2,507
Other assets	-	-	-	2,934	2,934	640	3,574
Intangible assets	2,500	-	114	-	2,614	2,785	5,399
Total assets	142,146	5,470	3,702	82,438	233,756	10,143	243,899
Liabilities							
Other liabilities	36	-	144	15,874	16,054	93	16,147
Total liabilities	36	-	144	15,874	16,054	93	16,147
Net assets	142,110	5,470	3,558	66,564	217,702	10,050	227,752
Net assets used to calculate NAV per security					217,702		
Total issued securities - basic ('000)					218,998		
NAV per security basic - \$					0.99		

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 2: Distributions and dividends

The Group declared a fully franked special dividend of 8.0 cps together with an ordinary distribution of 2.25 cps for the six months ended 31 December 2022. Dividends and distribution declared and paid during the half year comprised the following:

The Company declared fully franked dividends during the half year as detailed below;

			31 December 2022	31 December 2021
	Date of payment	Cents per unit	\$'000	\$'000
Special fully franked dividend	7 October 2022	8.0	17,520	-
Total dividends for the half year ended 31 December 2022		8.0	17,520	-
September 2021 quarter fully franked dividend	27 October 2021	1.5	-	3,285
December 2021 quarter fully franked dividend	27 January 2022	1.5	-	3,285
Total dividends for the half year ended 31 December 2021		3.0	-	6,570

360 Capital Investment Trust declared and paid distributions during the half year as detailed below:

			31 December 2022	31 December 2021
	Date of payment	Cents per unit	\$'000	\$'000
December 2022 half year distribution	25 January 2023	2.25	5,461	-
Total distributions for the half year ended 31 December 2022		2.25	5,461	-

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 3: Income tax expense

The Group calculates income tax expense using the tax rate applicable to the expected total annual earnings. The major components of income tax expense during the half year are:

	31 December	31 December
	2022	2021
	\$'000	\$'000
Profit/(loss) before tax attributable to stapled securityholders	(771)	34,902
Income tax expense at the corporate rate of 30%	(231)	10,471
<u>Increase/(decrease) in income tax expense due to:</u>		
Tax deferred distribution income	79	83
Accounting profit on sale of shares	-	(1,544)
Capital gain on disposal of shares	-	1,452
Capital losses applied to disposal of shares	(261)	(244)
Net gain from business acquisition	-	(108)
Trust income exempt from income tax	128	93
Equity accounted investment (loss)/profits	310	(952)
Security based payments expense non-tax deductible	128	81
Other tax adjustments	16	58
Income tax expense	169	9,390
Impact for change in tax rate	-	236
Franking credits	(348)	(277)
Adjustment for prior periods	(14)	(4)
Tax attributable to non-controlling interests	-	(100)
Income tax expense recognised in the statement of profit or loss	(193)	9,245

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 4: Financial assets at fair value through profit or loss

	31 December	30 June
	2022	2022
	\$'000	\$'000
Current		
HPI listed securities	100,489	-
IAP listed securities	-	92,038
Other listed securities	-	532
Total	100,489	92,570
Non-current		
Shares in unlisted securities	10,243	10,243
Shares in listed securities	3,751	3,588
	13,994	13,831
	114,483	106,401

Movements in the carrying value during the half year are as follows:

	31 December	30 June
	2022	2022
	\$'000	\$'000
Balance at 1 July	106,401	96,403
Financial assets acquired – on market	103,925	21,330
Financial assets disposed - listed	(95,557)	-
Loss on disposal of financial assets	(328)	-
Fair value adjustment of financial assets	42	19,643
Derecognition on disposal of subsidiary	-	(31,687)
Unrealised foreign exchange gain on financial assets	-	712
Closing balance	114,483	106,401

On 15 July 2022, the Group received the sale proceeds of \$92.0 million from the disposal of all its investment in Irongate Group (ASX:IAP) securities by way of an agreed trust scheme.

During the half year, the Group acquired the securities of Hotel Property Investments (ASX:HPI) on market, as at 31 December 2022, it held 14.5% holding of HPI valued at \$100.5 million.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 5: Investments accounted for using the equity method

	31 December	30 June	31 December	30 June
	2022	2022	2022	2022
	%	%	\$'000	\$'000
Joint ventures				
Hotel Capital Partners Pty Limited	56.0	70.0	108	284
Associate				
360 Capital REIT (ASX:TOT)	26.1	24.5	43,398	45,405
			43,506	45,689

Joint ventures

Dilution in Investments in Hotel Capital Partners (HCP)

On 30 September 2022, 89,288 new shares were issued, the total shares of HCP following the issue were 446,441. TGP holds 250,007 shares and following the issue of share its interest in HCP was diluted to 56% from 70%. A loss of \$128,652 was recognised from this dilution.

Associate

Investment in 360 Capital REIT (ASX:TOT)

TGP participated in the TOT's June 22 and September 22 quarter Distribution Reinvestment Plan (DRP), also sub-underwrote the September 2022 DRP. As a result, TGP's interest in TOT has increased to 26.1% (June 2022: 24.5%).

Reconciliation of movements in equity accounted investments for the half year are as follows:

	31 December	30 June
	2022	2022
	\$'000	\$'000
Opening Balance - 1 July	45,689	69,413
Acquisitions of JV interests	2,438	8,230
Derecognition on deconsolidation	-	(36,113)
Disposal of interest	-	(1,182)
Equity accounted profit/(loss) for the year	(3,529)	9,738
Transferred to Investment in subsidiaries	-	(2,475)
Distributions	(1,092)	(2,352)
Foreign currency translation	-	430
Total	43,506	45,689

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 6: Intangible assets

	31 December	30 June
	2022	2022
Non-current	\$'000	\$'000
Indefinite life management rights	2,614	2,614
Software	2,611	2,785
Closing balance	5,225	5,399

Movements in intangible assets for the half year are as follows:

	31 December	30 June
	2022	2022
Cost	\$'000	\$'000
Opening balance at 1 July	5,567	26,825
Derecognition on deconsolidation	(152)	(24,211)
Software acquisition through business combination	-	2,800
Software additions	67	153
Closing balance	5,482	5,567
Accumulated Amortisation		
Opening balance at 1 July	(168)	(238)
Derecognition on deconsolidation	152	238
Amortisation	(241)	(168)
Closing balance	(257)	(168)
Net book value	5,225	5,399

Management rights included \$0.1 million associated with the management of 360 Capital Enhanced Income Fund (ASX:TCF) acquired in October 2020 and \$2.5 million associated with TOTs acquisition of URB Investments Limited in December 2019.

In prior year, the Group derecognised the intangible assets related to the acquisition of the Etix Everywhere business as the result of deconsolidation of its co-investment in Global Data Centre Group (ASX:GDC). The Group also recognised the software asset through the acquisition of Dealt Holdings Limited in October 2022.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 7: Property, plant and equipment

	31 December	30 June
	2022	2022
Non-current	\$'000	\$'000
Equipment	255	274
Closing balance	255	274

Movements in the carrying value during the half year are as follows:

	31 December	30 June
	2022	2022
Cost	\$'000	\$'000
Opening amount at 1 July	410	31,437
Additions	-	292
Disposal	-	(20)
Derecognition on deconsolidation	-	(37,597)
Acquired through business combination	-	6,298
Closing amount	410	410
Accumulated Depreciation		
Opening amount at 1 July	(136)	(263)
Depreciation charge	(19)	(163)
Derecognition on deconsolidation	-	290
Closing amount	(155)	(136)
Net book value	255	274

In prior year, the Group derecognised the property, plant and equipment related to the acquisition of the Etix Everywhere business and Construction in progress is related to FibreconX Pty Limited, as the result of deconsolidation of its co-investment in GDC.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 8: Leases

	31 December	30 June
	2022	2022
	\$'000	\$'000
Right-of-use assets		
Property leases	721	2,233
Closing balance	721	2,233
Lease liabilities		
Current	827	827
Noncurrent	1,621	1,873
Closing balance	2,448	2,700
Lease receivables		
Current	383	-
Noncurrent	804	-
Closing balance	1,187	-

Movements in the carrying value of right-of-use assets during the half year are as follows:

	31 December	30 June
	2022	2022
	\$'000	\$'000
Right-of-use assets		
Opening amount at 1 July	2,233	3,185
Depreciation charge	(263)	(588)
Derecognition on deconsolidation	-	(364)
Disposal due to sublease	(1,249)	-
Closing amount	721	2,233

Movements in the carrying value of lease liabilities during the half year are as follows:

	31 December	30 June
	2022	2022
	\$'000	\$'000
Lease liabilities		
Opening amount at 1 July	2,700	4,301
Derecognition on deconsolidation	-	(1,299)
Payment of lease liabilities	(332)	(490)
Borrowing costs capitalised	80	188
Closing amount	2,448	2,700

Movements in the carrying value of lease receivable during the half year are as follows:

	31 December	30 June
	2022	2022
	\$'000	\$'000
Lease receivable		
Opening amount at 1 July	-	-
Additions from the sublease	1,187	-
Closing amount	1,187	-

In December 2022, the Group entered a contract to sublease part of its office space. The sublease tenant will start paying rent from 1 February 2023. A lease receivable was recognised at the net present value of the future rental payments as at 31 December 2022, the related portion of the right of use asset was disposed accordingly.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 9: Loan receivable

	31 December	30 June
	2022	2022
	\$'000	\$'000
Non-current		
Loan receivables	10,600	-
	10,600	-

Movements in the carrying value during the half year are as follows:

	31 December	30 June
	2022	2022
	\$'000	\$'000
Balance at 1 July	-	-
Loan provided	10,600	-
Closing balance	10,600	-

In December 2022, Group entered into an 18-month loan facility of \$10.6 million with a property developer and builder based in Sydney's North Western suburbs to assist in funding the acquisition of a property and its related acquisition costs. The interest rate on the loan is 15.0% p.a. paid monthly in advance and the loan is secured by a registered second mortgage, second ranking general security deed, personal and corporate guarantee from the borrower.

An expected credit loss has not been recognised in relation to the loans given the loan collaterals of the underlying property and other assets over which the Group have a registered exclusive interest as a creditor exceed the outstanding loan balances. The Fund expects that it will be able to recover the full value of the loans in the event of default through liquidation of collateralised assets.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 10: Equity

(a) Issued capital

	31 December	30 June
	2022	2022
	000's	000's
360 Capital Group Limited - Ordinary shares issued ¹	224,719	218,998
360 Capital Investment Trust - Ordinary units issued ¹	224,719	218,998
<hr/>		
	\$'000	\$'000
360 Capital Group Limited - Ordinary shares issued	1,871	1,241
360 Capital Investment Trust - Ordinary units issued	198,949	195,395
Total issued capital	200,820	196,636

¹ Excluding Executive Incentive Plan (EIP) rights and securities on issue

(b) Movements in issued capital

Movements in issued capital of the Group for the half year were as follows:

	31 December	30 June
	2022	2022
	000's	000's
Opening balance at 1 July	218,998	218,998
Securities bought on market for 13 September 2022 EIP	(6,000)	-
Securities issued under DRP	11,721	-
Closing balance	224,719	218,998

The Group has a Distribution Reinvestment Plan (DRP) which was active for the special dividend paid by the Company on 7 October 2022. The Group issued 11,721,500 stapled securities at a price of \$0.78 per security in October 2022. Securities were issued at a 1.5% discount to the Group's 10 day weighted average daily trading price as per the Group's DRP policy. Post the special dividend paid in October 2022, the DRP has been suspended until further notice.

Under Australian Accounting Standards securities issued under the 360 Capital Group Executive Incentive Plan (EIP) are required to be accounted for as options and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	31 December	30 June
	2022	2022
	000's	000's
Total ordinary securities disclosed 1 July	218,998	218,998
Securities issued under DRP	11,721	-
Securities bought on market for 13 September 2022 EIP	(6,000)	-
Balance of securities - 13 September 2022 EIP	18,000	-
Total securities issued on the ASX	242,719	218,998

During the half year, the Group issued 12,000,000 securities and bought an additional 6,000,000 securities on market to issue to employees related to the Group's 2022 EIP offer at an average price of \$0.82 (December 2021: nil).

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 10: Equity (continued)

(c) Share Based Payment (SBP) Schemes

Reconciliation of Shares and Rights outstanding under SBP Schemes

Plan	Balance 1 July 2022 Securities	Issued	Vested	Forfeited/ Cancelled	Balance 31 December 2022 Securities
LTI - 23 December 2019	1,164,600	-	-	(1,164,600)	-
LTI - 21 October 2020	1,418,200	-	-	(245,100)	1,173,100
Retention – 4 November 2021	1,200,768	-	-	-	1,200,768
LTI – 4 November 2021	1,527,600	-	-	(262,900)	1,264,700
	5,311,168	-	-	(1,672,600)	3,638,568
EIP – 13 September 2022	-	18,000,000	-	-	18,000,000
	-	18,000,000	-	-	18,000,000
Total	5,311,168	18,000,000	-	(1,672,600)	21,638,568

Plan	Balance 1 July 2021 Securities	Issued	Vested	Forfeited/ Cancelled	Balance 30 June 2022 Securities
LTI - 23 December 2019	1,636,600	-	-	(472,000)	1,164,600
LTI - 21 October 2020	2,189,800	-	-	(771,600)	1,418,200
Retention – 4 November 2021	-	1,200,768	-	-	1,200,768
LTI – 4 November 2021	-	1,527,600	-	-	1,527,600
	3,826,400	2,728,368	-	(1,243,600)	5,311,168
EIP - 2 August 2017	11,050,000	-	-	(11,050,000)	-
	11,050,000	-	-	(11,050,000)	-
Total	14,876,400	2,728,368	-	(12,293,600)	5,311,168

Executive Incentive Plan

On 13 September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the 360 Capital Group Executive Incentive Plan. The issue price per security was \$0.82 which was equal to the volume weighted average daily price for the 10 days preceding the issue date. The 6,000,000 of the securities were bought on market and 12,000,000 of the securities were newly issued. The fair value of each performance right was \$0.165 at the issue date. Upon vesting and exercise in accordance with those plan terms, each option will vest.

The employees who participated in the EIP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities. The security-based payments reserve captures all transactions relating to the securities under the plan. These EIP securities are not included in the calculation of the basic number of stapled securities on issue due to the non-recourse nature of the associated EIP loans. The EIP securities and associated loan are not recognised under AASB until they vest and the non-recourse loan is repaid.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 10: Equity (continued)

(c) Share Based Payment (SBP) Schemes (continued)

Performance Rights

On 23 December 2019, a total of 1,364,200 and 391,400 performance rights were granted under an Long Term Incentive plan (LTI) offer (2019 LTI rights) to KMPs and staff respectively pursuant to the terms of the EIP, exercisable from on or around 31 August 2022 subject to vesting conditions. As at 31 August 2022 the minimum performance hurdle on the remaining 2019 LTI rights was not met, therefore they did not vest and all remaining 1,164,600 performance rights were cancelled during the half year ended 31 December 2022.

On 21 October 2020, a total of 1,589,300 and 600,500 performance rights were granted under the Group's LTI (LTI) offer (2020 LTI rights) to KMPs and staff respectively pursuant to the terms of the EIP, exercisable from on or around 31 August 2023 subject to vesting conditions. The fair value of each performance right was \$0.37 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security the Group. Since the issue of the performance rights a total of 1,788,300 rights have been cancelled including 245,100 rights during the period, and a balance of 1,173,100 rights remained as at 31 December 2022.

On 4 November 2021, a 1,200,768 retention offer was granted under an LTI offer (2021 LTI rights) to a KMP pursuant to the terms of the EIP, exercisable from on or around 4 November 2026 subject to vesting conditions. The fair value of each equity right was \$0.86 at the issue date. Upon vesting and exercise in accordance with those plan terms, each equity right will vest and entitle the holder to one fully paid ordinary security in the Group.

On 4 November 2021, a total of 1,289,700 and 237,900 performance rights were granted under an LTI offer (2021 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital EIP, exercisable from on or around 31 August 2024 subject to vesting conditions. The fair value of each performance right was \$0.39 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security in the Group. During the half year 262,900 performance rights were cancelled, and a balance of 1,264,700 securities as at 31 December 2022.

The fair value of the issue of securities and rights under the EIP has been determined by an independent actuary using a Black-Scholes option pricing model.

Risk

This section of the notes discusses the Funds' exposure to various risks and shows how these could affect the consolidated entity's financial position and performance.

Note 11: Other financial assets and liabilities

Fair values

The fair value of receivables, trade and other payables and distributions payable approximate their carrying amounts largely due to short-term maturities of these instruments.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At balance date, the Group held the following classes of financial instruments measured at fair value:

31 December 2022	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets measured at fair value				
Loan receivable	10,600	-	-	10,600
Financial assets at fair value through profit or loss	114,483	104,240	-	10,243
	125,083	104,240	-	20,843

30 June 2022	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets measured at fair value				
Financial assets held for sale	92,038	92,038	-	-
Financial assets at fair value through profit or loss	14,363	4,120	-	10,243
	106,401	96,158	-	10,243

During the period there were no transfers between Level 1 and Level 2 fair value measurements, and no other transfers into or out of Level 3 fair value measurements. Fair value hierarchy levels are reviewed on an annual basis unless there is a significant change in circumstances indicating that the classification may have changed.

Note 11: Other financial assets and liabilities (continued)

Valuation techniques

Financial assets at fair value through profit or loss

For fair value profit or loss financial assets, the Group invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are recognised as Level 1 instruments. Unlisted investments are not traded in an active market and are recognised as Level 3 instruments. Valuation methodologies including comparable market transactions, discounted cash flows and EBITDA multiples are used as a basis for valuation.

The significant Level 3 inputs in relation to the underlying valuations of the investments include cash flows, discount rates and EBITDA multiples. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Group Structure

This section of the notes provides information which will help users understand how the fund structure affects the financial position and performance of the consolidated entity.

Note 12: Business combinations and acquisitions of non-controlling interests

During the period, the following acquisition of non-controlling interests occurred:

Dealt Holdings Limited (Dealt)

On 31 March 2022, 360 Capital announced a proposal for the acquisition of Dealt by way of a Scheme of Arrangement. The consideration was \$0.50 cash for every ordinary, fully paid share in Dealt. The scheme implementation agreement was entered into on 29 June 2022 and completed on 31 October 2022.

360 Capital held 26.5% interest in Dealt, after acquiring the remaining 73.5% interest at \$5.7 million, 360 Capital holds 100% interest in Dealt. A \$0.7 million loss was recognised in retained earnings for this acquisition of non-controlling interests (NCI). Dealt Holdings Limited changed its name to Dealt Holdings Pty Limited effective on 20 January 2023.

The details of the acquisition of non-controlling interests are as follows:

	\$'000
Price of the acquisition of NCI	5,657
Carrying value of NCI as at 31 October 2022	(4,927)
Loss from the acquisition of non-controlling interests	730

Note 13: Business divestment

There were no material business divestment transactions during the half year ended 31 December 2022.

Unrecognised Items

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

Note 14: Events subsequent to balance date

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Other Information

This section of the notes includes information that must be disclosed to comply with prescribed accounting standards and other pronouncements, but that are not immediately related to individual line items in the financial statements.

Note 15: Earnings per stapled security

	31 December 2022	31 December 2021
	¢	¢
Basic earnings per stapled security	(0.3)	11.7
Diluted earnings per stapled security	(0.2)	11.4
	\$'000	\$'000
Basic and diluted earnings		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	(578)	25,657
	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities - basic	220,889	218,998
Weighted average number of stapled securities - diluted	231,650	224,102

Diluted stapled securities

In 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the 360 Capital Group's EIP. These EIP securities have an associated loan to the employees and are therefore excluded from the calculation of basic securities on issue due to the non-recourse nature of the associated EIP loans.

Further information on the EIP is provided in Note 10.

Note 16: Related party transactions

The following significant transactions occurred with related parties during the half year:

On 13 September 2022, the Group provided non-recourse loans of \$14,760,000 to employees through their participation in the Group EIP LTI. The value of the loans are equivalent to the face value of the 18,000,000 securities at \$0.82 on the grant date. The loans and associated securities are not recognised under AASB.

The Group sub-underwrote the DRP of TOT's September 22 quarterly distribution on 27 October 2022, acquiring 1,802,438 units at a price of \$0.7731, for consideration of \$1,393,465.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 16: Related party transactions (continued)

During the period following the completion of TOT's acquisition of the 3 commercial investment properties, 360 Capital FM Limited, the responsible entity of the Fund, a wholly owned subsidiary of the Group, charged an acquisition fee of \$2,571,500.

On 19 December 2022, as part of the loan receivable investment arrangement which comprises of a senior loan of \$24.4 million lent by TCF and a junior loan of \$10.6 million lent by the Group which is subordinated to TCF's facility, the Group entered into a Priority Deed with TCF setting out the priorities of the securities in favour of the secured lenders.

On 31 March 2022, the Group announced a proposal for the acquisition of Dealt by way of a Scheme of Arrangement. The consideration was \$0.50 cash for every ordinary, fully paid share in Dealt. The scheme implementation agreement was entered into on 29 June 2022 and completed on 31 Oct 2022. There were one director and two officers of the Group which held 600,000 shares each in Dealt and received consideration under the scheme upon implementation.

Note 17: Basis of preparation

a) Reporting entity

The interim financial report is a general- purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital Group comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities. A 360 Capital Group (ASX:TGP) stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the Australian Securities Exchange (ASX). The stapled security cannot be traded or dealt with separately.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the 360 Capital Group for the year ended 30 June 2022 is available upon request from the registered office at Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia or at www.360capital.com.au.

Where accounting policies have changed, comparative financial information of the Group has been revised. The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period, except for those disclosed in Note 18.

b) Basis of preparation

Basis of preparation

360 Capital Group Limited and its subsidiaries are for-profit entities for the purpose of preparing the interim financial report. The interim financial report has been prepared on an accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value or amortised cost. The interim financial report is presented in Australian dollars.

360 Capital Group is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the annual financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

360 Capital Group
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 18: Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim report period with the following additional accounting policies now relevant for the period:

a) Loan receivable

Financial assets at fair value through other comprehensive income

The Group classifies its loan receivable based on its business model for managing financial assets and its objectives in investments. The Group invests in loans with long dated maturities that give rise to repayments of principal and interest on specific dates, however in order to actively manage a long term diversified portfolio, the Group may from time to time, sell part or all of its loan investments to recycle capital from loan investments that may be more suitable to the Group's strategy, objectives or return profile. Consequently, the Group has determined that the business model is to collect and sell its contractual cash flows and therefore loan assets meet the criteria of financial assets being classified mandatorily at fair value through other comprehensive income.

b) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

The other amendments have been deemed not to have a material impact on the consolidated financial statements of the Group.

There were no other changes to the Group's accounting policies for the financial reporting year commencing 1 July 2022. The remaining policies of the Group are consistent with the prior year.

c) Accounting standards issued but not yet effective

At the date of authorisation of the financial statements, the Group has not applied or early adopted the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (application date 1 January 2023)
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (application date 1 January 2023) and *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (application date 1 January 2023)
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (application date 1 January 2023)
- *AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (application date 1 January 2025)

The recently issued amendments are not expected to have a significant impact on the amounts recognized in the financial statements at the effective date.

360 Capital Group
Directors' declaration
For the half year ended 31 December 2022

In the opinion of the Directors of 360 Capital Group Limited:

- 1) The attached consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- 2) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Tony Robert Pitt
Executive Chairman



David van Aanholt
Deputy Chairman

Sydney
23 February 2023



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Independent auditor's review report to the securityholders of 360 Capital Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 31 December 2022, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Douglas Bain
Partner
Sydney
23 February 2023

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360 Capital Group Corporate directory
For the half-year ended 31 December 2022

Directors & Officers

Non-Executive Directors

David van Aanholt (Deputy Chairman)
William John Ballhausen
Andrew Graeme Moffat
Anthony Gregory McGrath

Executive Director

Tony Robert Pitt (Executive Chairman)

Officers

Glenn Butterworth – Chief Financial Officer and Company Secretary

Responsible Entity

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Auditor

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